



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF OCTOBER 29, 2021

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 8:59 a.m. via-video and tele-conferencing.

Trustees Present

Suzanne Grant
Art Agra
Harold Stafford
Nancy Shevock
Rick Geisenberger
Cerron Cade

Trustees Absent

Tom Shaw

Others Present

Joanna Adams, Pension Administrator
Jodie Wedel, Deputy Pension Administrator
Ryan Connell, Deputy Attorney General
Jamie Mayan, Pension Office
Josh Hitchens, Pension Office
Khairat Makanjuola, Pension Office
Stephenie Tatman, Pension Office
Cindy Starr, Pension Office
Kristal Diaz, Pension Office
Mary Wood, Pension Office
Rob Gooderham, Windmark
Garry Musto, Windmark
Drew Dinger, Windmark
Danny Zito, Windmark
Joseph Malloy, Pension Advisory Council

Fiona Liston, Cheiron
Elizabeth Wiley, Cheiron
Margaret Tempkin, Cheiron
Carla Cassell-Carter, OMB
Jeanette Hammon, OMB
Kylie Taylor, OMB

OPENING COMMENTS

S. Grant welcomed everyone to the meeting.

2. APPROVAL OF THE MINUTES

The Trustees reviewed the Public Minutes of the September 24, 2021 meeting.

MOTION made by A. Agra and seconded by H. Stafford to approve the Public Minutes of the September 24, 2021 Board of Pension Trustees' meeting with changes as noted.

MOTION ADOPTED UNANIMOUSLY

The Trustees reviewed the Executive Minutes of the September 24, 2021 meeting.

MOTION made by N. Shevock and seconded by A. Agra to approve the Executive Minutes of the September 24, 2021 Board of Pension Trustees' meeting.

MOTION ADOPTED UNANIMOUSLY

3. AUDIT COMMITTEE UPDATE

Next meeting November 5th.

4. GOVERNANCE COMMITTEE UPDATE

Next meeting November 3rd.

5. PENSION ADVISORY COUNCIL UPDATE

J. Malloy reported the Pension Advisory Council's next meeting is November 9th. They will be electing officers and will let the board know what happens.

6. PENSION ADMINISTRATOR UPDATE

FY 2021 Actuarial Valuation

Ms. Adams welcomed Fiona Liston, Elizabeth Wiley, and Margaret Tempkin, consultants with Cheiron, Inc., who presented the Fiscal Year 2021 Actuarial Valuation to the Board of Pension Trustees. The following topics were discussed:

- Pension
 - Historical Review/ Risk Metrics- State Employees' Plan
 - Changes Since 2020 Valuation
 - Principal 6/30/2021 Valuation Results
 - State Employees' Details
 - Contribution Results for all Plans
 - Stress Testing
 - GASB 67/68

The following employer contribution rates for FY23 were presented to the Board by Cheiron, Inc.:

State Employees'	11.15%
State Judicial	11.22%
State Police	27.16%
County/Municipal General	5.55%
County/Municipal P & F	11.34%
Volunteer Fire	\$468.55 per member
Diamond State Port (FY22)	\$0.00

Margaret Tempkin presented the Fiscal Year 2021 Actuarial Valuation for OPEB. The following topics were discussed:

- OPEB
 - Principal 6/30/2021 Valuation Results
 - GASB 74/75
 - Funding Policy

MOTION made by A. Agra and seconded by N. Shevock to approve the rates as presented by Cheiron.

MOTION ADOPTED UNANIMOUSLY

2022 Meeting Dates

Ms. Adams reviewed the meeting dates for 2022. Meeting dates will be updated as they are received.

2022 Appeal Hearing Dates

Ms. Adams requested that every board member pick at least two dates for appeal hearings. The appeals will continue to be virtual for now.

Employee Recognition

Ms. Adams recognized Jamie Mayan. Since Terri's retirement, she has been doing her job and Terri's job. These last few weeks, we had experienced some absences due to COVID-19. Jamie stepped up and maintained the fileroom as well.

Ms. Adams also recognized the Benefits section. The state changed retirees' pharmacy benefit manager to CVS Caremark/SilverScript for Medicare-eligible retirees. Our staff has really taken a beating. The transition occurs effective January 1st. It is confusing and overwhelming for our retirees. Many are upset and take out their frustrations on our staff or are confused and opt out of coverage which eliminates their prescription coverage.

She also recognized the Pension Calculation Manager Kari Overington. She is a cancer survivor, the representative for the State Employees' Charitable Campaign for the Pension Office and she just ran two marathons: the St. George Marathon in Utah and the Boston Marathon supporting the Dana Farber Cancer Institute.

Positions

Ms. Adams reported four positions have been filled. Two Human Resources Specialist I for our Payroll section, one Human Resources Specialist V Limited Term will manage the five Human resource limited term positions and a State Accountant II position. The Executive Assistant should be sent over within the next week. And we have requested to post the Administrative Specialist II. Jodie Wedel also announced that she will be retiring effective January 1st.

Office Activities

Ms. Adams reviewed the quarterly Pension Office activities. She stated health care changes almost doubled due to the additional vision plan that was offered during Open Enrollment. Phone calls also almost doubled during this period. Basically, calls doubled due to new vision plan, pharmacy benefit changes and the newsletter. The newsletter was created to help reduce calls for the PRI and one-time payment for retirees and let us get a jumpstart on the returned mail before we send year-end tax documents. Internet visits increased by 6,000. People are viewing the preretirement videos we added to the site.

Reporting Schedule

Ms. Adams stated that nothing has changed, but the meeting dates have been updated.

FY22 Budget

Ms. Adams presented the board with the budget for FY22 and a comparison with FY20 and FY21. The budget remains consistent with the exception increased personnel costs.

MOTION made by H. Stafford and seconded by N. Shevock to approve the FY22 Budget.

MOTION ADOPTED UNANIMOUSLY

7. DEPUTY ATTORNEY GENERAL UPDATE

Nothing to report

8. INVESTMENT COMMITTEE UPDATE

Mr. Gooderham reported that global equity markets declined in September, marking the first monthly decline for the broad stock market since January. Concerns over rising inflationary pressures, global supply chain disruptions and signs of economic growth is slowing from peak levels weighed on sentiment. The broad US equity market, as measured by the Russell 3000 index, experienced its weakest month since the onset of the pandemic, declining by 4.5%. International equity markets also declined as the MSCI EAFE index fell 2.9% and the MSCI Emerging Markets index was down 4.0%. In fixed income markets, yields moved higher (prices lower) amid building inflationary pressures, as well as indications from Federal Reserve policymakers that it could begin to slow the pace of its monthly bond purchases. For the month, the broad Bloomberg Universal index declined 0.9% and the more credit-sensitive Bloomberg High Yield index was flat.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust are estimated to be \$14,940.3 million at September 30, 2021, representing a net decrease of \$401.2 million during the month. Estimated returns through September 30, 2021 are as follows:

	Month Ended 09-30-21	Quarter Ended 09-30-21	Calendar YTD 09-30-21	1 Year Ended 09-30-21
Total Fund	-2.4	2.5	18.3	30.3
DPERS Policy Benchmark**	-3.1	-0.6	7.9	19.0
S&P 500 Index	-4.7	0.6	15.9	30.0

** Benchmark mix: 46% Russell 3000 Index, 24% MSCI ACWI ex US IMI (Net), 27.0% BB Universal Bond Index, 3% T-bills
 12/01/20 – 02/28/21: 43% Russell 3000 Index, 23% MSCI ACWI ex US IMI (Net), 31.0% BB Universal Bond Index, 3% T-bills
 09/01/20 - 11/30/20: 40% Russell 3000 Index, 22% MSCI ACWI ex US IMI (Net), 35.0% BB Universal Bond Index, 3% T-Bills

Mr. Gooderham reported that the Committee had met twice since the Board’s September meeting, on September 28th and October 26th.

At the September 28th meeting, in addition to the approved items below, the Committee reviewed and discussed:

- An analysis of Technology Sector Holdings
- The Annual Northern Trust Custodian Review
- The DPERS Annual Report Investment Section Review
- The Annual Windmark Investment Partners Services Review

Also at the September 28th meeting, the Committee approved under its authority, subject to legal review of the documents:

- The purchase of a secondary interest in Flagship Fund V, L.P. for a price of up to \$3.1 million.
- A commitment of up to \$25 million to Peppertree Capital Fund IX, L.P.

At the October 26th meeting, in addition to the approved items below, the Committee reviewed and discussed:

- LPA Amendments for Carlyle Asia Partners V and Lightstone Fund I
- Fee Amendment for T. Rowe Price Floating Rate Fund
- A presentation by Baillie Gifford on their Worldwide Health Innovations Strategy
- An analysis of Healthcare Sector Holdings
- The Private Investments Semi-Annual Review
- Revised 2022 Meeting Dates

In addition, at the October 26th meeting, the Committee approved under its authority:

- An amendment to the Limited Partnership Agreement for Lightstone Ventures Fund I, L.P.
- A Schedule change to the investment management agreement for the T. Rowe Price Floating Rate Bank Loan account.

The next meeting of the Committee is scheduled for Tuesday, November 16th, 2021.

MOTION made by N. Shevock and seconded by A. Agra to enter into Executive Session to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending personnel matters, confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets and confidential financial information.

MOTION made by H. Stafford and seconded by A. Agra to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

9. **NEW BUSINESS**

There was no new business.

10. **ADJOURNMENT**

At 11:06 a.m., there being no further business,
MOTION was made by N. Shevock and
seconded by H. Stafford to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Joanna M. Adams
Joanna M. Adams (Jan 11, 2022 16:29 EST)

Joanna M. Adams
Pension Administrator

Suzanne B. Grant
Suzanne B. Grant (Jan 11, 2022 18:44 EST)

Suzanne B. Grant, Chair
Board of Pension Trustees